

CHAPTER 5

Domestic Trade and other Business

- 5.1 The trade/business activities of NCCF are broadly categorized into following commodity groups:
- (a) Groceries (Pulses, Foodgrains, Spices, Edible Oil, Cotton and other agro-based commodities)
 - (b) General Merchandise (manufactured consumer goods)
 - (c) Confiscated goods (consumer goods seized by Customs and/or Central Excise authorities and offered for sale by them as also by the custodians of such goods)
 - (d) Textiles
 - (e) Supply of goods through Fair Price Shops under PDS (Food & non-food items)
 - (f) Agri-inputs
 - (g) Sugar
 - (h) Coal
- 5.2 **Other Business Activities:**
- (i) Medi-tourism.
 - (ii) Other Services

5(A) GROCERIES:

5.3 The business in Groceries is segmented as follows:

- (i) Institutional supply against open or limited tenders.
- (ii) Institutional supply as a nominated agency.
- (iii) Procurement and disposal of stocks from mandies and other authorized sources.
 - (a) on own account
 - (b) on Govt. account
- (iv) Local and adhoc purchases
- (v) Processing of pulses/spices
- (vi) Emergent procurement and supply.

5.4 General

5.4.1 EMD/Security Deposit:

- (i) While obtaining rates/terms and conditions from the local suppliers, requisite earnest money deposits (EMD) should be obtained. In case the same is not specified in tender documents of indenting organizations, EMDs should be obtained at the following rates :

<u>Value of tender/quotation/offer</u>	<u>EMDs</u>
Upto Rs. 50 lakhs	Rs. 25,000
Over Rs. 50 lakhs upto Rs. 1 Crore	Rs. 50,000
Over Rs. 1 Crore upto Rs. 5 Crores	Rs. 100,000
Over Rs. 5 Crores	Rs. 500,000

- (ii) When offer of any supplier is accepted, their EMD amount will be retained and converted into security deposits and those of unsuccessful ones may be refunded in the manner prescribed in separate guidelines.

- (iii) The earnest money deposits given by the suppliers will be forfeited if they resile from the offer during the validity period of the offer. The supplier should provide the requisite security amounts as per the tender conditions. In case of bank guarantee, either they should provide counter guarantee or will provide such a bank guarantee directly in favour of the indenting organization on behalf of NCCF.
- (iv) If there is no stipulation about providing security deposits in the tender documents, security deposits @ 2% of the value of the contract should be obtained by cheque/DD or in the form of bank guarantee.

5.4.2 Participation in tender/submission of rates

As far as possible only the local Branch or the Head Office as the case may be, shall purchase/obtain the tender documents where needed. The tender documents/rates should be submitted only by the local Branch/Head Office, so that only one offer is submitted on behalf of NCCF.

5.4.3 Inter state transactions

One Branch may undertake business operation in the area of another Branch with the consent of the local Branch. The implication of taxation in such transaction and inter-state movements must be ascertained before quoting the rates.

5.4.4 Agreement

- (i) The Branch or Head office, prior to the execution of allotted work against such tender, shall enter into an agreement with supplier or

Business Associate on a back-to-back basis in the same manner as the NCCF has to enter into with the vendor/indenting organization.

- (ii) In case where it is not mandatory to enter into agreement with the indenting organization by NCCF, even in such case, the executing Branch or Head Office on its own shall enter into an agreement with the supplier as per the specimen at **Format GR-01** in order to safeguard and indemnify itself from any consequential damage in course of execution of such supply.
- (iii) NCCF shall obtain the Bank Guarantee from its supplier for executing such business in the format given at **FORMAT GR-02** or in the format provided by the vendor.

The Bank Guarantee must be valid upto 3 months after the contracted last day of supply.

5.4.5 Monitoring

Concerned Branch should maintain an indent register, which should contain details of delivery schedules including dates, locations of supply etc. and monitor the performance.

5.4.6 Inspection and verification

The Section Incharge of the Branch or H.O. shall make periodical verification of the stocks tendered for inspection, progress of inspection, delivery and receipt of the stocks at the delivery points. He shall also interact with the concerned officials of the indenting organization to obtain their feed-back about quality and quantity of goods supplied and adherence to the delivery schedule and shall take corrective measures wherever needed.

5.4.7 Market Intelligence

A committee of officials (consisting of atleast 3 persons) should be formed to:

- i) Survey of the local market to obtain rates and assess market trends.
- ii) Work out the cost structure taking into account incidental charges like transportation charges, packaging, insurance/storage etc. and impact of possible price fluctuations (For long term contracts).
- iii) Obtain the prevailing rates from the newspapers and work out the cost analysis.

5.4.8 Settlement of payment

The payments to the suppliers should be released on receipt of payments from the buyers after adjustment of NCCF's margin and other statutory dues payable by NCCF in such transaction. All other deductions on account of quality cut, shortages etc. must also be recovered from the suppliers.

5.4.9 Quality Control

- (1) The Branch shall make procurement of FAQ of stocks for its commercial operations.
- (2) The Branch(s) shall ensure that the quality of stocks so purchased are in conformity with the price band of such qualities.

5.4.10 Incidental Expenses:

The incidental expenses as per market practice should be negotiated and finalized by the Branch with the procuring agency. The Branch shall make efforts to economize the expenses

to the extent possible by negotiating the competitive rates with labour contractor, local transporter and similar such operator or operations in such procurement.

5.4.11 Arrangement of packing material.

- (i) The Branch shall make advance arrangements for the availability of appropriate quality and size of the packing material or gunny bags etc.
- (ii) The Branch shall maintain proper accounting of packing material/gunny bags etc.
- (iii) As far as possible efforts should be made to use old and once used packing material such as unmarked gunny bags already available keeping in view the requirement and commodity to be packed.
- (iv) The Branch shall maintain a mailing list of reputed, financially sound suppliers/manufacturers of jute bags and other packing materials.

5.4.12 Disposal of surplus packing materials (torn or once used or unserviceable or unutilized gunny bags) and such other material used in packing.

- (i) Offer for disposal of such packing material indicating its details, may be invited in writing from the local reputed parties. The offers will be considered by Branch level committee and approved by the Branch Manager. This exercise should be made twice a year during off-season.

- (ii) If the disposal of such material is in bulk (say more than 10,000 pcs.), the offers should be invited through open tender (advertisement).
- (iii) On completion of procurement process/operation, small number of gunnies/packing materials (say less than a bale of gunnies etc.) which may be left over at procuring centres may be disposed of by the BM of procuring Branch at the location of stocks by inviting limited tenders/quotations from local traders.

5.4.13 Storage.

- (i) There may be shortage of warehouse during the peak arrival period. The arrangement should, therefore, be made to make advance reservation of warehouse with SWC, CWC or any such other agency(ies).
- (ii) Advance reservation should be arranged in such a manner that available space is properly utilized and there is no wastage.
- (iii) In the event of non-availability of space in CWC or SWC godowns, the stocks may be stored in suitable godowns in the State Federations or marketing societies.
- (iv) In all cases, warehouse receipts, storage acknowledgements for the stocks stored should be in the name of NCCF.
- (v) The stocks kept in the godowns should be insured with comprehensive insurance cover and be timely fumigated.
- (vi) In case of non-availability of storage space with the agencies mentioned above, Branches may hire licensed private godowns for storage of stocks with prior approval of Head Office. Due care

be taken for cost effectiveness, reliability and operational convenience with proper insurance in such cases.

- (vii) Storage of stocks should be made after full weighment, record of which should be maintained.

5.4.14 **Taxation.**

Clarification/opinion be obtained from the Accounts Section/local Tax Consultant for interstate movement of stocks to ascertain the incidence of tax and it should be accordingly settled by the agency, which is liable to make payment.

5.4.15 **Supervision and inspection.**

- (i) The Branch Managers shall keep an overall watch on the procurement process in their respective region and should check the purchase register maintained in the Branch(es) from time to time.
- (ii) The officials of Head Office should visit such Branches and the operating mandies during procurement period and verify the prevailing market rates with the rate at which such purchases are being made as well as about its quality and progress of such procurement.
- (iii) The stocks purchased during the procuring season(s) should ordinarily be covered by indents from consuming Branches, indenting institutions and anticipated indents or orders. As far as possible, the stocks should be dispatched to the consuming centers side by side with the procuring process. Stocks should normally be kept not beyond the period of 3 months and should be disposed of by keeping a close watch on market trend, demand and future trend. In case, if there is need for retaining

stocks beyond 3 months, the Head Office should be informed giving the details about the expected price trend and demand.

5.4.16 Duties of field representative and staff

- (i) Field representative must be vigilant in the process of disposal, update with necessary market intelligence to be furnished to the Branch Manager regularly. Market behaviour/trend and other relevant information may also be intimated to BM.
- (ii) To substantiate authentication, documents in support of prevailing market rates may be obtained from APMC/Mandi Board/other sources. All the information so collected should be kept on record.

5.4.17 Role of Branch Manager.

- (i) The Branch Manager shall keep an overall watch on procurement operations
- (ii) He will coordinate the purchase at such centres.
- (iii) He will visit the procuring centres frequently during procurement operations.
- (iv) During visit, the Branch Manager will test check different aspects of the operations like prices, quality, packing, storage arrangement in warehouses, purchase accounts, incidental charges and all other issues to ensure their correctness/reasonableness and shall send reports about such visits to HO.
- (v) He will observe due prudence, depending upon the market situation keeping in mind the overall interest of the NCCF and the

guidelines, as also other instructions which may be issued from time to time.

- (vi) He will be responsible for disposal of stocks as per the guidelines prescribed above.

5.4.18 **Brokerage.**

- (i) The purchase committee may utilize service of brokers, wherever necessary for procurement of stocks as per local practice. For this purpose, Branch may enroll brokers for undertaking such purchases in their area of operations. It is clarified that services of brokers should not be utilized when the deal is finalized directly by the branch office with the sellers.
- (ii) The Branch level committee may obtain prevailing rates of brokerage from the trade association/market and should also ascertain prevailing rates of brokerage from other sources/marketing societies.
- (iii) Branch will negotiate rates of brokerage with empanelled brokers and get the lowest rates, which should be at par or below the prevailing market rates.

5.4.19 **Shortages.**

- (i) Efforts must be made to minimize the shortages occurring during transit and sale. Factors causing shortages in terms of nature of commodity, duration of storage, type of godown, climatic conditions of the area etc., must be kept in mind. The following actual shortages may be allowed:-
- (ii) Transit: Upto ½% of transit shortage may be allowed in case of stocks dispatched through goods train. For the shortage exceeding this limit, a shortage certificate should be obtained

from the Railways at the time of taking delivery for lodging the claim. At the time of loading, clear RRs should be obtained. No shortage should be allowed, if the stocks are dispatched through Road transport. Value of any such shortages should be recovered from freight amount payable to them.

(iii) Storage shortages

- (a) The storage shortages specifically in the agriculture produce of Kharif crop may be allowed upto ½% for the storage period. In Rabi crop there shall be weight gain upto 1%, if the stocks are stored from July onwards. The loss and gain in weight depend upon the climatic conditions. As such, the norms fixed by CWC/SWC may be applied, a copy of which may be obtained and retained.
- (b) In case of shortages exceeding the prescribed limits, Branch Managers should forward their proposals explaining excess shortages of concerned commodity(s) to HO indicating standard/norms followed by respective warehousing corporation, if any, for the commodity and period in question for seeking approval of HO.
- (c) The proposal for approval of shortages should be forwarded after disposal of the entire stock of particular commodity. Abnormal shortages such as shortages exceeding 2% for any lot should be reported to Head Office immediately.
- (d) In case of long storages (with Head Office permission only) shortages occurred should be worked out based on the physical verification of the stocks carried out at the close of the year and approval thereof be taken from Head Office.

- (e) Norms of shortages as above should not be taken as a regular practice and shall be approved on actual basis on merit of each case.
- (f) Physical verification of stocks on actual weighments should be carried out on 30th Sept. & 31st March each year to determine the shortages & excesses.

5.5 **Institutional supply against open or limited tenders**

This may be undertaken:

- (i) at Head Office level
- (ii) at Branch level

5.5.1 At Head Office level

- (i) Organizations like APO, WFP or some Govt. institutions/departments or such agencies (in private or Govt.) purchase goods through limited tenders as per their own procurement policies and such queries are received generally in Head Office.
- (ii) On receipt of such tender enquiries, Head Office shall contact the Branches under the category A, B & C depending on the availability of such material, giving them with the tender specifications while asking for rates and terms of supply including validity period from their registered and enlisted suppliers who shall also be required to indicate about their willingness about participation in the tender process or to quote the rates, as the case may be, giving the time limit.
- (iii) The Branch on receipt of such enquiries from the Head Office shall examine the offers received from their such enlisted suppliers and forward their offer (L-1) with the validity alongwith supplier's willingness to the Head Office.

- (iv) The tender committee at Head Office so constituted under the Head of Grocery Section and representatives each from A/cs. & Finance and General Merchandise/Admn. Section (not below the rank of Asstt. Manager) shall examine the offers received from the Branches and submit its final offer with the approval of GM(C&M) to the vendor/procuring agency.
- (v) GM(C&M) shall ensure to get the recommendations of the Committee (H.O.) formulated atleast 3 days before the deadline fixed for submission of offer/quotation to the vendor.

5.5.2 At Branch level

- (i) The Branch Manager shall be responsible for participating in the local tender on its own or through its Business Associate for all such business he may find feasible within the guidelines.
- (ii) The Branch level committee shall examine the offers so received against such local tender enquiries or queries from vendors as outlined in the guidelines and submit the rates and terms and conditions alongwith all requisites accordingly.
- (iii) It is necessary that such process is kept within the delegated financial powers to the Branch Manager exceeding which, approval should be taken from Head Office.

5.6. Institutional supply as a Nominated Agency.

5.6.1 For supply of goods to Govt. where organizations/departments follow their own internal price fixation mechanism in such procurement, utmost care is to be taken to select financially

sound, experienced and capable suppliers willing to undertake the operation on back-to-back basis.

5.6.2 The local Branch will constitute a Branch level Committee consisting of Head of Grocery Section, a representative from Accounts & Finance and another from Administration or any other trading section for the purposes of collecting market intelligence and samples of such concerned commodity or goods.

5.6.3 The Branch Manager will finalize the arrangement for offering the rates, would select the supplier for supply of goods as per the guidelines at Para 5.5 relating to supply of goods against open or limited tenders.

5.6.4 The Branch level Committee would obtain rates/quotations as per the samples, from the registered suppliers/business associates besides collecting intelligence about its current market rates and future trend of prices available either in the newspapers, websites, APMC or from the local grain merchants. Based on these inputs, the rates and terms and conditions for supply would be determined and would be accordingly offered. It would be further subject to change, if found economically viable as per negotiation with the vendor.

5.7 PROCUREMENT OF AGRICULTURAL COMMODITIES FROM MANDIES AND OTHER AUTHORIZED SOURCES AND DISPOSAL OF SUCH GOODS.

5.7.1 Procurement on own account:

(1) Budget:

At the beginning of the procurement season, the Head Office will invite proposals from the concerned Branches for procurement of pulses and other agricultural commodities. The proposals received

from the Branches (atleast 1 month before the start of the procuring season) will be processed by the concerned Divisional Head at Head Office and will approve the procurement plan with the consent of the competent authority, for the specific commodities keeping in view the crop prospects, prevailing prices, anticipated procurement price, post procurement market prospects, Import export policy of the government and anticipated demands from state agencies and other prospective buyers.

The procuring Branch will formulate its draft procurement programme keeping in view the prospects of their sales based on the existing and future market trends.

(2) **Planning & Crop Assessment.**

- (i) The procuring Branch shall make proper planning in advance before the commencement of procurement. Analysis of procurement should be made in such a way that the stocks procured by the Branch would be saleable at competitive prices.
- (ii) The market for procurement shall be selected on the basis of competitiveness of market rates, availability of transportation, godown facilities, existence of procuring agency in the proximity of the centre.
- (iii) In case where regulated markets are not operating, purchases may be made as per prevailing market practices through local cooperative network. The Branch shall indicate its requirement of quantity, quality and price range to the procuring agency. It shall keep a watch on such purchases in order to ensure that the

procurement is done at the most competitive prices and of approved quality.

(3) **Procurement period.**

- (i) As far as possible the procurement should commence at such time, when the price is at its lowest and competitive. Procurement should be arranged throughout the season of peak mandi arrivals at prevailing rates. It should be undertaken in such a way that the most of the purchases are accelerated when rates are at their lowest and are slowed down when these are high.
- (ii) In order to maximize the advantage of procurement prices it may be made for stocks with marginal deviations in moisture from prescribed limit of FAQ variety. Branch, therefore, should collect and maintain the prescribed limit of FAQ varieties of such commodities.

(4) **Arrangement of funds.**

- (i) HO would project the commodity-wise fund requirement for respective crop season. Finance Division at Head Office will make arrangement for providing margin money (where needed) and cash credit limit for procurement.
- (ii) The Branches will indicate to Head Office about their requirement of commodity-wise funds for respective crop season with break up of fortnightly requirements.
- (iii) Branches must ensure that the funds and limits are properly utilized.

(5) **Responsibility of procuring branch(es).**

- (i) To facilitate procurement of right quality of stocks, the indenting Branch(es) should inform the procuring branch(es) in advance of the required quality of the commodity(ies).
- (ii) The commodity(ies) should be procured from the regulated mandies or such places where from procurement is permissible and where the arrivals are in sufficient quantity. The purchases should be made in the auction only either directly or through coop. marketing societies for which proper agreement should be entered into with the Society. The commission payable to them should not be more than 1% plus actual expenses or as per the market practices whichever is lower.
- (iii) In respect of quality, weight, packing, storage, the responsibilities would lie on the procuring Branch(es).
- (iv) The procuring Branch(es) will be responsible for any deficiency in the procurement operations including quality, prices, transportation and storage.
- (v) The procuring Branch(es) should ensure that procured stocks are properly cleaned and if required graded before it is packed.
- (vi) The procuring Branch(es) shall be regularly in touch with indenting Branch(es) and will provide market intelligence on arrivals, ruling rates and progress of procurement.
- (vii) An officer from indenting Branch may also visit the Society or purchase centre of procuring Branch atleast once during procurement season to check the overall procurement process at

the centre for on the spot assessment about the rate of purchase, quality etc. In case of any dispute, the same should be discussed and settled between the Branches and with the procuring society. In case, any irregularity is observed, immediate corrective measures are to be taken by the indenting Branch by issuing suitable instructions to the procuring Branch under intimation to the Head Office.

- (viii) Payment to the Society may be released by procuring Branch, as per the mandi practice, on getting confirmed intimation from them of the stocks procured with complete purchase details.
- (ix) Due care and caution should be taken in the selection of the societies by the procuring branch.
- (x) Procurement should not be made during rainy season.
- (xi) All payments for goods procured by the marketing societies or other such agencies should be made on receipt of due bills with all details after 100% weighment of stocks.

(6) **Sample.**

- (i) In order to have effective control on quality, it is essential that the quality of the stocks procured by the Branch be tested by visual inspection after drawing samples from the lots procured from different sides.
- (ii) Samples should be drawn at random and should cover stags from various positions in the stocks.
- (iii) Samples so drawn should be mixed properly so as to yield a total of 2-3 kg. of the material, out of which, representative sample be sent to indenting Branch if such a material is being procured on

their behalf for information and determination of the quality of the material so procured.

(7) **Role of Field Staff.**

- (i) Field staff should ensure that purchases are made as per the guidelines & quality specifications.
- (ii) Quantum of daily purchases and purchase rates should be intimated by the field staff to procuring Branch.
- (iii) Market behaviour/trends and other relevant information should also be intimated by the field staff to procuring Branch, who in turn keep indenting Branch/HO informed alongwith his comments including the latest developments.
- (iv) Documents in support of prevailing market rates may be obtained from APMC or Mandi Board or other sources.
- (v) Field staff deputed for procurement purpose will satisfy himself and verify purchase bills in respect of purchase rates, quality, weight, packing, storage etc.
- (vi) Field representative must report the progress of purchase alongwith necessary/relevant market intelligence to the procuring Branch or indenting Branch every week.
- (vii) Irregularities in purchases, if any, noticed should promptly be reported to the Branch Manager of the procuring Branch.

(8) **Market Rate Register.**

- (i) Branches are required to maintain daily market rates register in their Branches for the commodities being handled by them for the purpose of record and future verification and reference.
- (ii) Weekly Market Rate for various agricultural commodities being handled/proposed to be handled by the Branches is to be maintained in the following format:

Name of the Branch _____ Prices for the week ending _____

S.No.	Name of the Commodity	Specifications	Average Market Rates (Rs.Qtl.)	Trend	News Paper Rates.	Remarks (if any)

- (iii) Market rates should be collected for different varieties of commodity(ies) being dealt with by the Branch from the market every Monday by the Branch's representative.
- (iv) The market trend of the prices should also be obtained and recorded in the report.
- (v) The rates should also be compared with the rates quoted in local publications.
- (vi) The reports should also be sent to HO.

(9) **Preloading inspection.**

- (i) Every lot of the consignment, so procured before dispatch for storage in SWC/CWC Godown, should be verified by the field staff

relating to packing, weighing, stitching, mark of quality identification etc.

- (ii) The stocks should be properly stacked to facilitate the selection of the number of bags for dispatch/sale.

(10) **Costing.**

Costing of the stocks should be properly arrived at by the procuring Branch(es) after purchase from procuring centres/mandies and should include the following:-

- i) Cost of raw material/loose rates per qtl. at procuring centre.
- ii) Mandi expenses, purchase tax, (if any), labour charges, mandi incidental, market/mandi cess, stitching charges etc.
- iii) Truck freight/transportation from procuring centre to SWC/CWC/other godowns.
- iv) Unloading from carrier and stacking in the godown.
- v) Cost of packing material.
- vi) Rent for storage in godown.
- vii) Tentative shortages/storage etc., as per practice in area of operation.
- viii) Insurance charges and other direct expenses, VAT, if applicable.
- ix) Interest.

The procuring Branch(es) will arrive at the cost of the goods as suggested above. (The incidental expenses as per market practice should be negotiated and finalized by the Branch(es) with the procuring agency).

5.8 **Procurement of agricultural commodities by the procuring Branch(es) for indenting Branch(es).**

- 5.8.1 (i) The indenting Branch should intimate its requirement to procuring Branch atleast a fortnight in advance for its procurement based on firm/anticipated indents. Immediately on receipt of indent, procuring Branch should send samples with indicative rates to indenting Branch. The Branch should confirm its acceptability of quality and rates within next 2 days. On receipt of confirmation, the procuring Branch shall commence its procurement and arrange storage of procured stocks in the godowns and inform the indenting Branch the details of stocks procured. The stocks so procured should be dispatched to the indenting Branch as per the dispatch instructions of the indenting Branch, under 100% insurance cover/risk of the transporters.
- (ii) On daily basis, the procuring Branch should intimate about the quantity procured, average purchase rates and likely future trend of the market/mandi along with details enabling the indenting Branch to have first hand information of upward/downward trend of prices, market trend so that indenting Branch may revise procurement plan by increasing or decreasing the quantity, if need be.
- (iii) In case the prices and margin are favourable, the procuring Branch in consultation with the indenting Branch may increase/decrease the procurement process and even may sell the stocks, so procured on behalf of the indenting Branch under advice from indenting Branch and transfer the profit of such transaction to the indenting Branch.

- (iv) On receipt of information on dispatch of stocks from the procuring Branch, the receiving Branch must make storage arrangement in advance. Stocks should be received on 100% weighment basis. In case of any complaint with regard to quality, weight etc., such information be sent by the indenting Branch to the procuring Branch immediately on receipt of such stocks.
- (v) The procuring Branch shall transfer the stocks to the consuming Branch and raise debit notes for value of goods by including all costs right from procurement to loading, including incidence of interest (if any). The procuring Branch may add a notional service charge @ 1% of the total value of stocks, which should be shown separately in the debit notes.

5.8.2 Disposal of Stocks

- (i) The agricultural markets are highly volatile and unpredictable. It is therefore desirable to clear the stocks at optimum price and at appropriate time, lest it should entail higher carrying cost resulting in the loss. Analysis of market conditions and price trend should be a continuous process for Branch Manager to decide right time for undertaking the disposal.
- (ii) During the procurement operations, if stocks can be sold with reasonable margins, the Branch should take advantage of such eventuality and should commence disposal profitably.
- (iii) Immediately after the procurement is over, the Branch should workout costing of procured stocks and shall keep such information readily available in the Branch and

update the same from time to time. No sooner the Branch finds it profitable having minimum 2% margin, the disposal may commence. The Branch while making decision of disposal shall exercise its business acumen in order to maximize the gain and, therefore, should accordingly decide about the rate of disposal and its timing keeping the market trend in mind.

While arranging profitable disposal, Branches should desist from over speculation and allow to keep the stocks for a longer period which may attract heavy carrying cost resulting in an increase in the overall cost and also deterioration of the stocks.

- (iv) The stocks procured on firm indents from other agencies and on indents from the consuming Branches should be priced, stored, dispatched/delivered, as per the terms of supply.

5.8.3 Empanelment of buyers and procedure for inviting offers.

- (i) For facilitating disposal of accumulated stocks to the traders (if necessary) a list of buyers be maintained in the Branch, which can be revised periodically.
- (ii) Whenever the stocks are to be disposed of, offers should be invited from cooperatives, local agencies and other parties/traders and brokers dealing in such commodities.
- (iii) In case of telephonic offer(s) the buyer should be asked to send written offer thereafter and the same should be

recorded in the sale quotation register maintained for the purpose.

5.8.4 **Negotiations:**

- (i) Disposal should be conducted based on the offers received from the buyers and subsequently negotiations should be held by the Branch Level Committee under the supervision of BM with all the buyers who had submitted their offer/quotation and the same be recorded in the sale quotation register.
- (ii) The rates should be concluded to the highest offer. The Branch Manager may reject the offer if the same is below estimates or prevailing market rates.
- (iii) Proceedings of the committee should be recorded which should include market rates, trend in prices, demand, factors influencing the prices including future prices and sales conducted.

5.8.5 **Brokerage.**

- (i) For enhancing the sales realization, services of brokers may be utilized by the Branch, wherever necessary. For this purpose Branch will enroll brokers undertaking such business in their area of operation. It may be noted that the brokers will have no role when the deal is directly finalized by the Branch with the buyers. The brokerage should be paid only when their services are utilized and net sales price realized net of brokerage, is the highest rate.

- (ii) The Branch should obtain prevailing rates of brokerage from the trade associations and also ascertain prevailing rate of brokerage from market association or other sources.
- (iii) The committee will negotiate the rate with the empanelled brokers and get the lowest rate.

5.8.6 **Disposal in Rising Trend.**

- (i) The Branch Manager should endeavour to take up disposal as and when profitable disposal is possible.
- (ii) In the event of rise in prices, BM can take a view to accelerate pace of disposal taking advantage of the market conditions.
- (iii) While deciding the disposal, the reasons should be recorded in the proceedings of the Branch.
- (iv) Branch should make endeavour on short term holding of stocks to avoid incidence of storage, interest, eventual losses due to speculation, fluctuation of rates, if improvement in prices cannot be visualized.

5.8.7 **Disposal in declining market.**

- (i) Disposal in declining market trend may also be undertaken even with small margins.
- (ii) In the declining market when future rates are not likely to meet even the carrying cost, Branch Manager should analyze the situation carefully and start disposal by recording reasons with documentary evidence, if any, to substantiate such distress sale. In such cases prior approval of the Head Office shall be obtained.

5.8.8 Sale Confirmation Letter.

As soon as the rate and quantity of sale is settled, the sale confirmation letter should be issued immediately as per **FORMAT-GR-03.**

5.8.9 Mode of payment/Security.

- (i) Security amount to the extent of 10% of the value of the settled bargain should be taken on confirmation of the bargain.
- (ii) Balance payment should be taken within 2 working days from the date of confirmation of the bargain.

5.8.10 Extension of Payment.

- (i) In case the buyer does not make the payment within the stipulated period, the entire sales proceeds alongwith interest as applicable alongwith the godown rent on actual basis from the date of confirmation of the bargain should be charged from him.
- (ii) In a situation when the buyer does not make the balance payment within 7 days, security amount should be forfeited and the bargain will be treated as cancelled. The cancellation letter should be issued immediately against acknowledgement and alternate arrangement should be made to dispose of the same.

5.8.11 **Delivery.**

- (i) Delivery should be affected after receipt of full payment.
- (ii) If cheque is accepted towards balance payment, delivery should be given on realization of cheque only.
- (iii) The realization date of cheque will be considered the date of payment for calculation of the godown rent & interest, if any.
- (iv) When the buyer makes the full payment of settled/bargain within stipulated period, but does not lift the stocks, the godown rent being paid/charged from the NCCF for storage of such stocks, shall be charged wherever applicable.

5.8.12 **Submission of Sales Form.**

Branch must ensure that required Sales Tax Forms, wherever applicable, be obtained from the buyer at the time of delivery of the stocks and continue to hold the amount equivalent to TAX payable till receipt of such forms.

5.8.13 **Weighment.**

- (i) Delivery of the stocks should be made after cent percent weighment through registered/approved weigh bridge/Dharam Kanta in presence of buyer's representative and the weighment slip should be verified and signed by the representative of NCCF and the buyer.
- (ii) In case buyer insists for 100% weighment on beam scale, the same should be carried out accordingly at buyer's cost. In

such case weight check memo may be prepared and signed by the representative of NCCF and the buyer.

- (iii) All storage gains over and above the standard filling are to be accounted for and should remain with NCCF.
- (iv) Any complaint in respect of weighment, once the stocks are delivered shall not be entertained.

5.8.14 **Disposal of Last Lot.**

- (i) The field representative who arranges delivery of stocks should ensure that sweepage are timely collected, cleaned and filled in packing material.
- (ii) Field representative should inform the details of such made-up bags to Branch for proper accounting (with its weight and its number).
- (iii) Disposal of balance stocks, if any, after delivering the last lot should be timely arranged. Efforts should be made to sell such residual quantity to the last buyer.

5.8.15 **Sale at Loss.**

- (i) BM should keep a watch on market trend, demand and expected future trend. When it is envisaged that rates may not show improvement due to various factors and disposal may turn into losses, BM should send a comprehensive proposal to Head Office seeking approval for disposal of such stocks.

- (ii) Suitable instruction from Head Office will be sent to the concerned Branch either for disposal or with-holding of the stocks on receipt of such proposal on merit.

5.9 PROCUREMENT ON GOVERNMENT ACCOUNT

Procurement of Paddy for Milling into Custom Milled Rice(CMR) under Kharif Marketing Season (KMS) (In the State of West Bengal)

5.9.1 Nomination of NCCF being agent either of the State Govt. or FCI for procurement of Paddy:

In order to obtain the assignment of procurement of paddy on behalf of the State Government and/or FCI, the Branch will approach the State Government and the FCI with the proposal for procurement of paddy by NCCF during the crop season in the State, on their behalf as per the government scheme.

In case of FCI, recommendations of the Food and Civil Supply Department of the State Government will be required for which a request is to be made to them for recommending the name of NCCF for procurement of paddy.

State Government and/or FCI may authorize NCCF to be their agency for procurement of paddy for specified quantity during the crop season.

5.9.2 Identification of procuring areas, Marketing societies and millers:

- (i) On receipt of such authorization, the Branch in the State will make a survey in paddy producing areas. Such Districts may be identified where adequate warehousing facilities are available for storing paddy and giving delivery of CMR rice to the authorized agency/FCI. Districts where necessary

facilities are available should be informed to State Government and FCI, as the case may be, for allocation of Districts for procurement of paddy on their behalf.

- (ii) Identification of financially sound Cooperative Marketing/ Multi Purpose/Consumer Societies dealing in procurement of agricultural commodities in these Districts should be made by the Branch.
- (iii) Branch shall identify the mills through advertisement in local dailies/NCCF website and shall short-list millers having adequate experience in milling paddy into CMR and giving delivery to the State Governments/FCI.

A tripartite agreement shall be entered immediately with the mills and the Societies so selected for the purpose in the format "**Paddy-01**".

5.9.3 PROCUREMENT:

- (i) Branch will procure the paddy from the identified District(s) on behalf of the State/FCI as per the centers allotted by FCI/State Government or as may be selected by NCCF. The paddy will be procured through the cooperative societies as per the specifications and procedures/guidelines of FCI/State Government for KMS either directly from the farmers or through the cooperative societies as may be permitted as per the scheme.
- (ii) Each variety of paddy viz. 'Common' and Grade -A' is to be procured from the farmers by the cooperative societies at the MSP plus Bonus declared by the State Government/FCI

in the name of NCCF. All purchases will be made by the Society directly from the farmers and the Society will maintain necessary records of procurement in separate Register in the account of NCCF on daily basis alongwith Master Roll to be signed by the farmers and also to be verified by the member of Panchayat/local Government or authorities as per the State Government stipulations and representative of NCCF as far as possible and depending upon the volume of the transactions.

- (iii) Sound and serviceable 50 Kg. gunny bags or such size of bag as stipulated for packing of paddy will be arranged by the cooperative societies/miller at each center at their own cost.
- (iv) It shall be the responsibility of the cooperative society to keep the paddy in safe custody in their own godown till the miller takes delivery of the same for CMR.

5.9.4 CUSTOM MILLING:

- (i) The selection of the Rice Miller for milling paddy into CMR as per specification of FCI/State Government will be done by the NCCF Branch after observing the required formalities, such as entering into agreement, in conformity with the State Government's/FCI guidelines, if any, to be legally vetted and obtaining EMD in the form of BG, Pay Order or D.D. in favour of NCCF, as per the conditions in the settled tripartite agreement.
- (ii) The miller shall be fully responsible for the consequence thereof for faulty job work/discontinuing the assignment and in such an event their Earnest Money shall be forfeited by the

Branch and the PDC available with NCCF as per the terms of agreement will be encashed besides the miller shall be liable to compensate for the loss, if any, sustained by NCCF on account thereof, as per State/Central Government directives.

- (iii) The miller will take delivery of paddy from the cooperative society for milling of paddy into CMR from the concerned centre and transportation charges from mandi to mills will be paid by the miller/society, as the case may be. Miller may pay to the Society the cost of stocks and incidental charges, which will be reimbursed by NCCF on getting payment from FCI towards stocks of CMR delivered by the miller to FCI on behalf of NCCF.
- (iv) The miller will convert the paddy into rice (CMR) as per the specifications of FCI/Government of respective State.
- (v) Besides EMD of Rs. 1 Lakh, millers have to provide Performance Security by way of A/c. Payee Advance Cheques (PDC) of adequate amount depending upon their production capacity and quantum of work to be allotted to them. In case of any breach of contract, risk purchase of NCCF/statutory dues, if any, will be on the account of the miller and shall be recovered through encashing the Account Payee Cheques.
- (vi) CMR invariably be bagged in new SBT gunny bag, weighting 50 Kg. net./FCI standard, as per the specifications and packing schedule of FCI/State Government.

- (vii) The quantity and quality of CMR will be verified by the Quality Control Staff of State Government/FCI on the prescribed format.
- (viii) All necessary charges like transportation, labour, milling charges, loading, unloading, stitching and other incidentals from the mill upto delivery point at the designated godown of FCI/State Government are to be paid by the miller, which will be reimbursed on realization from FCI.
- (ix) It will be the responsibility of the miller to keep the stock of paddy in safe custody and will be responsible for transporting, milling etc., upto delivery to the designated godown of FCI/State Government. NCCF shall not be liable for any damage or losses etc. to paddy and CMR while in the possession of the miller.

5.9.5 PAYMENT:

- (i) The cost of paddy, Mandi Tax, weighment, loading unloading and other incidental charges will be paid by the Society on behalf of NCCF, which will be reimbursed by millers as advance towards cost of paddy to be received by them on behalf of NCCF and the same will be reimbursed to the miller only after realization of amount from FCI.
- (ii) The society commission will be released to the cooperative society only after realization of the payment from FCI/State Government as the case may be.
- (iii) Branch will maintain record of security amount received from the millers as per the agreement.

- (iv) Society will furnish acknowledgements/receipts of funds received from the miller, on behalf of NCCF.

5.9.6 DOCUMENTS:

Following documents will be obtained by Branch from concerned agencies:

Procuring Society:

- i) Attested photocopy of registration of Procuring Society.
- ii) Financial results of last year.
- iii) Details of Bank Account.
- iv) Copy of PAN of the Society.

Miller:

- i) All documents as required in case of registration of a business associate are to be obtained from the miller.
- ii) Verification of miller's credentials is to be made by Branch Office.

5.9.7 SAFETY OF STOCKS:

- (i) It will be the responsibility of the millers to keep the stocks of rice (CMR) in safe custody while transporting, milling and final delivery at FCI godowns.
- (ii) The miller shall be exclusively responsible for safe custody/transportation of Paddy and CMR and should obtain comprehensive insurance cover to include riot, rain, theft and any other aspects/issues and unforeseen circumstances etc, which may cause damage to CMR stock.

They should also be responsible for shortages, if any, in the stocks of paddy and CMR.

5.9.8 ACCOUNTING:

- (i) The mill will maintain the Books of accounts of these transactions separately and keep the same in the mill premises for producing before the State Government/FCI and NCCF on demand.
- (ii) The miller will submit necessary papers/documents to NCCF Branch after delivery of CMR based on which, the NCCF will submit bills to FCI.
- (iii) These transactions are to be recorded in separate heads of accounts in the Books of accounts of Branch Office in the usual manner which should show total quantity procured, quantity milled, results of milling, stocks delivered, stocks in hands etc. for which a stock register may be maintained. Advice of local consultant may be obtained to understand the implications of service Tax, VAT, TDS etc. on these operations.
- (iv) The Society shall submit actual bills for trading expenses, which should be verified/checked as per the cost sheet/guidelines of FCI/Government.

5.9.9 REPORTING:

Daily report of procurement of paddy and delivery of rice(CMR) is to be sent to NCCF Branch by the society/miller in the prescribed manner for onward submission to FCI/State Govt. authorities.

5.9.10 MARGIN:

- The society commission at the prescribed rate will be released to the cooperative society after realization of payment from FCI.

5.9.11 MISCELLANEOUS:

- (i) Matters not covered in the above guidelines shall be acted upon by the Branch in consultation with HO.
- (ii) All policy decisions that may be taken by FCI/State Government including amendments to the guidelines will be applicable on the procuring society and the millers in totality.

5.10 Local and Adhoc purchases.

- (1) Local purchases of pulses and other agricultural commodities in small lots upto the value of Rs.1 lakh required for the retail units and other purposes (to be specified) may be made from the local wholesale market. For this purpose, the current rates should be collected and certified by the existing branch level committee. It is imperative that only best varieties of pulses, spices and food grains should be purchased for the retail units and for other specific purposes; FAQ variety of PFA standard may be purchased. Substandard, infested and inferior quality of the goods should not be purchased at all. While deciding on the volume and items of goods to be purchased, the concerned Branch Manager should keep in view the average requirement for about a fortnight, so that unnecessary carryover of stocks for a long period may be avoided.
- (ii) For the packaged products such as branded pulses, spices etc., only the reputed brands should be purchased.
- (iii) BM should make efforts to purchase branded Atta and Rice and products such as maida, suzi etc., on consignment basis as far as possible with fortnightly settlement of payments/replacement of stocks.
- (iv) While working out the cost, all expenses (like freight, cartage, cost of packing, packing shortages etc.) should be considered with which prescribed NCCF's margin should be added before fixing the selling price.

5.11 Processing of Pulses/Spices

- (i) The goods required for processing of pulses in NCCF's Dal Mills should be procured as per the guidelines on bulk procurement of goods from mandies.
- (ii) Off-season purchases if required for any specific reason should be made (with prior approval of Head Office) after collecting rates from the local traders as also from the terminal market by the Branch level committee. Guidelines already formulated for the bulk procurement of agricultural commodities should be followed in such cases.
- (iii) In case the projected purchases exceed Rs. 50 lakhs at a time, purchases should be made by calling quotations through advertisement in a prominent local newspaper.
- (iv) Cost sheets of the raw materials received by the processing units from the procurement centers should be prepared on the following basis:

Amount (Rs.)

Per unit | Total

- (a) Cost of materials at mandi/place of procurement inclusive of all expenses.

Add.

- (i) Freight/cartage from place of procurement upto mill/place of storage.
- (ii) Incidental expenses/labour charges etc.
- (iii) Interest at bank rates for the period of storage.

(b) Landing cost of goods.

The processed goods should be valued by adding all the inputs as per details below:

1. Cost of Raw materials. [item No (b) above]
2. Processing expenses.
3. Insurance charges.
4. Administrative expenses (approximately).
5. TOTAL: Quantity processed _____: COST: _____.
6. Less: Estimated value of disposal of bye products: Rs. _____.
7. TOTAL (5-6) _____.
8. Output of processed stocks (Quantity) _____
9. Average unit cost of process stocks (Rs./Qtl). $(7 \div 8)$.
10. Add.
 - i. Cost of gunny bags.
 - ii. NCCF's margin @ 2%.
 - iii. Tax and other selling expenses on actual basis.
11. Net issue price {(Rs./Unit (Qtl))}.

5.12 **Emergent procurement and supply:**

Guidelines on this will be issued separately.

5 (B) GENERAL MERCHANDISE

5.13.1 Price List:

A master price list covering major branded items should be prepared by each Branch indicating MRP and issue price of NCCF after conducting proper market survey in their area of operation. Copy of such price list should be sent to HO. The price list should be periodically reviewed (say every 3 months) and revised whenever necessary. It should be ensured that in no case goods are supplied above MRP.

5.13.2 Submission of quotations to the Govt. Departments. against enquires.

- (i) Branch office(s) will maintain a printed book/computer generated format as per "**Format GM-04**" for sending quotations against the indents/requirements received from Govt. Departments. Branch office(s) will take care to see that the quotations submitted contain full and clear descriptions of articles such as brand names, specifications, as also NCCF price etc.
- (ii) The quotations should be submitted only in respect of specific items/specifications/brands required by the indenting organizations. In case of queries without specifications/brands the rates of specific brands of goods should be quoted as per the supply arrangements of Branch. If possible rates for alternate brands should also be quoted in such cases to give them wider choice.
- (iii) All the quotations should be signed by the BM or ABM or any other official authorized by the Branch Manager.

5.13.3 **Execution of indents:**

Branch shall ensure the execution of the indents placed by the Government Departments or indenting agencies through their registered suppliers strictly as per the delivery schedule given. In case of delay or non-availability of the items required, the Branch shall make alternative arrangements to supply the goods within the delivery schedule at the risk and cost of the supplier on whose quotations, the rates were offered to the Government Departments/indenting agencies. On receipt of supply order, the concerned Branch will issue a Challan/delivery order (as per proforma '**GM-05**'), which should indicate the reference of the supply order, full description of goods and quality etc. The concerned suppliers should be asked through a letter to deliver the goods as per the specifications and within the supply period and obtain proper acknowledgement of the authorized representative of the indenting organization on the challan.

5.13.4 **Raising of Sales Invoices:**

Sales Invoice (Proforma '**GM-06**') should be raised either on the basis of receipted challans or any other supporting documents showing proof of delivery of goods (such as RR/GTR) as also the bill of the suppliers (Tax Invoice). The sales invoice should contain full descriptions of goods (such as No. of pieces and items, quality, brand etc.) besides the quantity, rate, Sales Tax/VAT etc. alongwith reference of supply order and Challan No./date.

5.13.5 Follow up for payment and release of payment to suppliers:

A credit period of 10 days (maximum) may be allowed to the Departments to make payment after delivery of goods, which should be got printed on the sales invoices.

Payments to the parties should be made only on receipt of payments from the department concerned and in no case funds of the NCCF be involved. Branches will ensure payment to the suppliers within 3 working days from the date of realization of the same after deducting prescribed service charges and any other deduction for short supply or non-supply etc.

5.13.6 Complaint & Redressal Cell:

A Complaint & Redressal Cell should be created at Branch level under the BM or ABM of the Branch. The BM/ABM should attend to the complaints within a week's time and maintain a register for the purpose in the following format:

Name of the Deptt/Complainant	Gist of the complaint	Redressal done	Remarks.

5.13.7 Reports:

All Branches/Sub-Branches will send monthly report (by 7th of the following month) to Head Office about all single transactions of Govt. supplies or any other indenting agencies over Rs.25 Lakhs and above in the format **GM-07**.

5.13.8 Inspection & Interaction:

The Branch Managers should interact periodically with the major buyers to ascertain satisfaction level/views on the quality of goods

supplied, its reasonableness of rates charged, adherence to the supply schedule etc. Similarly, quality of goods supplied to the Government agencies should also be subjected to periodic test checks/on the spot verification at the buyers-end by the designated staff of the Branch. Representative samples of the goods where required and provided to the indenting organization should be retained at the Branch. Similar procedures should be followed for obtaining and retaining booklets, catalogues, product manuals etc for the branded items of offer/supply.

5 (C) BUSINESS OF CONFISCATED GOODS.

5.14.1 Lifting.

- (i) The Branch or sub-Branch should be in constant touch with Customs and Central Excise departments in their area of operations and should collect information about the stocks of confiscated goods ripe for disposal. This should be done on a regular basis either over telephone, personal visits or through requests in writing. The Branches particularly those at Mumbai, Delhi, Kolkata, Chennai, Bangalore and Siliguri will keep liaison with the concerned Customs & Excise Departments and obtain such information about availability of stocks regularly. The Branches/sub-Branches in whose area of operation there are port towns, international airports and international borders will also do similar exercises to collect information about the availability of goods ripe for disposal.
- (ii) On receiving information about availability of goods, the field staff of the Branch will visit the concerned godown for verification/inspection of the stocks. While inspecting the stocks, the staff will ascertain the condition of the goods and their saleability, since these goods might be lying with the Customs & Central Excise godowns for considerably long time before these are offered for lifting. The status/condition of the stocks whether these would be readily saleable or which are slow moving should be ascertained. This should be reported to BM/ABM by the concerned official for further action.

- (iii) BM/ABM should arrange lifting of confiscated goods available for disposal on a regular basis. It should be ensured that the stocks selected are lifted in time.
- (iv) The BM/ABM will consider the report of the field staff regarding condition of the goods offered, their nature (whether fast moving or slow moving) depending upon which, he will take decision for lifting or not. In case, it is not possible to lift the stocks offered for any reason, a letter expressing inability to lift the stocks should be sent to the concerned Department.

5.14.2 Sale/allotment.

- (i) The stocks available for disposal as ascertained above should be listed out and offered to the local State Consumer Federation having current business dealing with NCCF, in writing and seek their consent or otherwise within 3 days, since if the stocks are not lifted by NCCF in time, the same could be disposed of by the Customs through other sources. In the event of non receipt of response from the State Federation, the stocks should be offered to other member stores/other consumer cooperatives in that order. The stocks should be allotted on first-come-first served basis without any pick and choose on consignment-wise in full to the organization which agrees to lift the same.
- (ii) The authorized representatives of the indenting organization should lift the stocks on 'As-is-Where-is' basis and NCCF should not take any responsibility as to the quality and quantity of the stocks.

- (iii) The stocks should be delivered from the godowns of the Customs/Central Exercise directly to the authorized representatives of the indenting organizations in presence of NCCF's staff and acknowledgement for receipt of stocks on 'As-is-Where-is' basis should be obtained.
- (iv) Transportation/insurance etc, from the delivery point will be the responsibility of the indenting organizations.
- (v) The indenting organizations should adhere to the relevant provisions of the weight & measures act, packaging and MRP conditions for retailing of the goods lifted and they should be solely responsible for the same.
- (vi) If the indenting organization fails to lift the stocks after confirming the deal and depositing the money within the time allowed by the Customs authorities, the goods may be sold to other organization at the risks and costs of the original indenter, with due notice to them. In such a situation, they should also be responsible for payment of godown rent and other charges, if any.

5.14.3 **Empanelment of Coop. Societies for sale of Confiscated Goods.**

Branch offices should prepare a list of Societies (non member wholesale/primary societies) which may be willing to do business in confiscated goods. Only functional Societies should be registered. Existence and operational status of such Societies should be verified by the Branch. The following documents should be obtained and scrutinized for their registration:-

- (i) Attested copies of Registration certificate of the Society and copies of bye-laws.
- (ii) Latest audited accounts with audit report.
- (iii) Authorization of managing committee of the society to deal with NCCF on lifting of confiscated goods.
- (iv) Attested copies of PAN and TAN.
- (v) Latest copy of Income Tax Return filed.

5.14.4 **Payment.**

BM/ABM will obtain advance payments towards the entire value of stocks offered by the Customs from the organization to whom stocks are decided to be offered. The payments so obtained should be remitted to the Customs authorities by means of a cheque/bank draft, as may be the procedure and further arrangements should be made for lifting the same.

5.14.5 **Stock Transfer of goods.**

Stock transfer of goods is permitted only when the Branch in whose area of operation the goods are available, do not receive any offer to lift the stocks locally. After ensuring that the stocks offered do not have a ready marketability in their area of operations, they may offer the same to other organization beyond their territorial jurisdiction through the concerned Branch of NCCF. In such cases, the concerned BM in whose area of operation the indenting organization is situated, should be informed and the payments for the value of the goods to be lifted should come through that Branch. In all such cases, the Branch lifting the stock will arrange transfer of the stocks to the Branch concerned and a discount of 1% will be passed on to that Branch as its service charge, out of the margin available to the lifting Branch.

5.14.6 General.

- (i) The allotment of confiscated goods made to NCCF is covered by the provisions of Customs Act, 1962. BMs should be conversant with the relevant regulations prescribed in the same, to conduct the business accordingly. They should not deviate from any of the provisions of the Act and prescribed procedures.
- (ii) No field staff should reject the goods offered by the Customs without written authority of the concerned Branch Manager. Similarly, no authorization and NOCs etc. should be issued by the field staff for allocation of goods by the Customs authorities directly to the cooperatives/others, without written approval of the Branch Manager, who should justify such decisions.
- (iii) No Branch should either lift the stocks or sell the same in the area of operations of other Branch without their consent.
- (iv) Implications of sales tax/VAT should be properly examined before lifting of stocks and full recovery of the same should be made from the indenting organizations.
- (v) The sale of confiscated goods (both consumer goods and industrial goods) should be made only to State Consumers Coop. Federations, Member Cooperative Societies having existing business dealings with NCCF and other registered Societies (empanelled as per guidelines at para 5.14.3 above).

5(D) TEXTILES

5.15.1 Introduction.

The pattern of business in Textiles has undergone substantial changes over the years because of various reasons. The main area where we may concentrate is institutional supply of materials of liveries, dress materials, dhoties & sarees, curtain cloth, sofa cover and sundry items like mosquito nets, bed sheets, bed covers, towels, dusters, socks etc., and woollen garments in the season.

5.15.2 Registration.

The business in textiles should be undertaken through the registered suppliers. The registration process should be as per guidelines at Chapter 2.

5.15.3 Modalities of supply arrangements.

On receipt of queries or tender notices from the government agencies or other indenting agencies and others, rates (with specifications) of the goods should be obtained from the concerned registered suppliers, on the basis of which rates and terms and conditions should be furnished to the concerned organization/department. If any EMD or security amount is to be deposited as per the tender conditions, the same amount should be obtained from the suppliers. In case of bank guarantee, a counter bank guarantee should be obtained. The next stage will be the receipt and execution of indents. If supply order is received, the same should be communicated to the concerned supplier, to supply the goods as per the specification, manner and

within the time limit specified by the indenting agency/organization. They should be issued a challan-cum-delivery order and asked to collect duly receipted challans in support of delivery of stocks. The supplier will issue their sale invoice at that stage and send the same alongwith the receipted challan to the NCCF. NCCF will then issue its sales invoice on the indenting organization, on the basis of receipted challan and the invoice of the supplier, which should contain full description of goods, quality specifications, quantity, unit price, total value of goods and details of taxes (if any).

The sales invoices should be sent to the indenting organization either through courier service or through representative of supplier/NCCF as per the local practice.

Branches should maintain an Indent cum Supply Register. Proforma of all documents mentioned herein such as Indent Register, Indents, letter to supplier asking for execution/supply of goods, challan-cum-delivery order, sales invoices etc., will be the same as are used for general merchandise items.

5.15.4 Inter Branch transactions.

Branch offices should confine their commercial operations within their trading areas. In case of involvement of inter-area buyers and/or suppliers, the selling Branch should utilize the services of the other concerned Branch for all purposes to collect information, indent, supply of goods etc., and share the margin in the proportion of 3:1 between the selling Branch and the other branch. The invoices should be raised by the local Branch on the indenting organization and if the selling Branch (which collected

the indents and is responsible to source/purchase the goods) is situated in a different trading area, the transactions should be routed through the stock transfer process for non-taxable goods at both ends. In case of taxable goods, direct invoices should be raised by the selling Branch on the indenting organization, under intimation to the local Branch. In such cases, their margin/service charges should be settled through credit notes.

5.15.5 **Payments.**

Payments to the suppliers should be released on receipt of corresponding payments from the indenting organizations. However, all unpaid/over due bills over 60 days after the supplies are made, should be subjected to review every month for issuing reminders asking for payments.

5.15.6 **General.**

- (i) All short payments, non-payments and part-payments should be properly adjusted through the accounts of the suppliers.
- (ii) A close watch has to be maintained on the position of supply of goods by the concerned suppliers as per indents received, through the indent-cum-supply register maintained for the purpose.

**5(E) SUPPLY OF GOODS THROUGH THE FAIR PRICE
SHOPS UNDER PUBLIC DISTRIBUTION SYSTEM.**

- 5.16.1 The NCCF has been making efforts for supply of few selected items of daily use through the Fair Price Shops (FPS) under the Public Distribution System (PDS). 10 items of daily use are identified for distribution (The updated list of the items will be notified separately).
- 5.16.2 Head Office will identify the states where the scheme could be implemented and will accordingly write to the Food & Civil Supply Departments in the concerned states seeking their approval for introducing the selected items for distribution through FPS, under intimation to the concerned Branches. The Branch will take up and follow up the matter with the concerned officials in the State Govt. for their approval as also identification of districts where the selected non-PDS essential consumer goods of daily use could be introduced for sale.
- 5.16.3 The manufacturers/distributors (the 3rd party) of the identified items will be selected by Head Office and the local suppliers/dealers, (the 2nd party) will be appointed by the concerned Branches, as per the guidelines for registration of suppliers specified at Chapter 2.
- 5.16.4 The local supplier selected for the purpose will take delivery of the items from the manufacturers/distributors on behalf of NCCF and deliver the same to the identified FPS in their area of operation, on the basis of delivery instructions/challans issued by the Branch.

- 5.16.5 The FPS to be engaged/associated for sale of these items will be selected either by the NCCF's local Branch or the local supplier in consultation with the Food & Civil Supply Department in the concerned states/districts. The NCCF's local Branch will be informed about the names of FPS selected by the local suppliers.
- 5.16.6 The price/cost structure of the items selected for distribution will be finalised by the Head Office. Branch will operate within the same.
- 5.16.7 The manufacturers/distributors (3rd party) will deliver the stocks to the local suppliers (the 2nd party) as per the indents of NCCF (the 1st party) against payment by the suppliers. NCCF will not take any responsibility for settlement of payments, in case any credit is allowed by the manufacturers/distributors to the local supplier, which will be treated as their mutual arrangement.
- 5.16.8 NCCF will raise the sale invoice on the FPS on the basis of receipted challans and manufacturers'/distributors' invoices. The local supplier will be responsible for collecting the payments from the FPS. The payment to the supplier (2nd Party) shall be made only after realization from FPS. The formats of challan and invoice prescribed for marketing of general merchandise items will be used for these items also.
- 5.16.9 The Branches will enter into an agreement with the local suppliers in the format placed at **Format PDS-01**.
- 5.16.10 Once the goods are delivered to FPS, it will be their responsibility to deal with the same at their level and in no case NCCF will take back the goods or provide any monetary compensation on any later stage. However, complaints regarding quality and quantity received within one week of

supply of goods will be attended to by taking up the matter with the local supplier or with the manufacturer/distributor, as the case may be.

5.16.11 All goods will be covered under transit insurance from the point of dispatch by the manufacturers/distributors to the point of delivery to the fair price shops at the risk of the carriers.

5.16.12 The local supplier will deposit payments received from the FPS with NCCF within two (2) working days. The local Branch of the NCCF will settle the payments due to local suppliers on completion of supply of goods, on fortnightly basis.

5.16.13 Incentives/Schemes:

All schemes/incentives allowed by the manufacturers/distributors on their products from time to time shall be passed on to FPS by the local suppliers (2nd Party) strictly.